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Policy Brief.....Privatization of Air Traffic Control Services

Recently there has been a great deal of discussion regarding provisions in the pending Vision 100 – Century of Aviation Reauthorization Act Conference Report (H.R. 2115, H.Rept. 108-240) regarding the privatization of air traffic controllers. This Policy Brief is intended to address some of the questions that have been raised and provide links to additional resources. The RSC has not taken a position on this issue.

Question 1: Does the Conference Report open the door to the privatization of air traffic control services?

Answer: Current law does not prohibit the Administration from privatizing air traffic control services. The Conference Report changes existing law to limit the Administration’s ability to privatize services, but does not go as far in limiting it as either the House or Senate–passed versions of this bill.

Current law does NOT prohibit the Administration from undertaking the additional privatization of air traffic control services.

Section 230 of the Conference Report, however, would create a general prohibition against the privatization of air traffic separation and control functions until October 1, 2007 (the duration of this reauthorization). There are several exceptions to this prohibition. Specifically, the prohibition does not apply to:

- (1) a Federal Aviation Administration air traffic control tower operated under the contract tower program on the date of enactment of this Act;
- (2) any expansion of the contract tower program through new construction; or
- (3) a Federal Aviation Administration air traffic control tower (other than towers in Alaska) identified in the Report of the Department of Transportation Inspector General dated April 12, 2000, and designated “Contract Towers: Observations on the Federal Aviation Administration's Study of Expanding the Program.”

The towers identified in the report under exception number three above are 69 excluding visual flight rule towers (*i.e.* towers that do not control air traffic using radar). A list of these towers is included as Exhibit A in the report, which can be found at:

http://www.oig.dot.gov/show_pdf.php?id=95

The language in the Conference Report would not require the Administration to privatize any air traffic control towers, but would permit such privatization.

Both the House and Senate bills proposed more restrictive language than what is now included in the Conference Report. Specifically, the House bill would only have provided an exemption to the privatization ban for current air traffic control towers that are part of the FAA contract tower program and to non-towered airports and non-federal towers that would qualify for participation in this program. The Senate bill would have only permitted an exemption for contract towers in operations on the date of enactment.

Question 2: Could air traffic control at some of the busiest airports in the nation be privatized under the proposed Conference Report?

Answer: Yes, included in the 69 towers that could be privatized under the proposed Conference Report are 11 of the 50 busiest airport towers (by volume of traffic) in the country.

While all of the 69 towers eligible for privatization under the proposed language are visual flight rule (VFR) towers (*i.e.* they do not utilize radar), 11 of the 69 are among the nation's 50 busiest air traffic control towers.

Question 3: Are any air traffic control services in the United States currently privatized?

Answer: Air traffic control services have been partially privatized in the U.S. since 1982. Currently there are 219 privatized air traffic control towers.

The following information is provided by the Department of Transportation's Inspector General (emphasis added):

In 1982, FAA began a pilot program to contract for air traffic control services for five Level I towers that were closed as a result of the Professional Air Traffic Controllers Organization strike in 1981. The program grew to 27 towers by 1993. In 1994, Congress provided funding for a multi-year program to convert additional FAA-operated Level I towers to contract operations. The Program was further expanded by including towers at airports that never had an FAA-operated tower.

In fiscal year (FY) 1999, Congress provided funding for a cost-sharing program. This program allows airports that would not normally qualify to be in FAA's Contract Tower Program to enter the Program by paying for a portion of the costs to operate their tower. As of August 2003, there were 219 VFR towers in the Contract Tower Program—195 towers that are fully funded by FAA (full-funded towers) and 24 towers where FAA and the local community share the costs of operating the tower (cost-sharing towers).

Given some of the references made to the performance of air traffic controllers on September 11, 2001, it should be noted that air traffic controllers working at privatized towers were, like the

controllers at FAA-operated towers, on duty on September 11th and responsible for safely landing thousands of aircraft in the government ordered grounding of the entire aviation system.

Question 4: How does the safety record of privatized air traffic control services compare to FAA-staffed towers?

Answer: According to data provided by the Department of Transportation's Inspector General, private air traffic control services have a slightly better safety record than comparable FAA-staffed towers.

According to a Department of Transportation Inspector General Report issued on September 4, 2003:

- In FY 2002, contract towers had 8 operational errors/deviations, which was a rate of 0.49 incidents per million operations handled.
- The 71 FAA-staffed VFR (Visual Flight Rule) towers had 38 operational errors/deviations, which was a rate of 2.70 incidents per million operations handled.
- The FAA-staffed VFR towers in ATC (Air Traffic Control) grade levels 5 and 6 (those that are most comparable to contract towers) had 9 operational errors/deviations, which was a rate of 2.03 incidents per million operations handled.

See the full report at http://www.oig.dot.gov/show_pdf.php?id=1161

Question 5: Are privatized towers cheaper to run than FAA-staffed towers, and if so why?

Answer: According to the Department of Transportation's Inspector General, privatized towers generally have a lower cost to operate than FAA-staffed towers. Privatized towers generally have fewer staff on duty and pay controllers less than the FAA does.

The Inspector General report reference above also provides the following information regarding the comparable cost of FAA-staffed towers and contract towers:

- To determine the average cost differences between *comparable* towers in both groups, we compared the FY 2002 costs of 12 contract towers with 12 FAA-staffed VFR towers in FAA ATC grade levels 5 and 6 that had similar levels of average hourly aircraft operations (air traffic density).
 - Our analysis showed that the 12 contract towers, on average, cost about \$917,000 less to operate annually than the 12 FAA-staffed VFR towers, even though they had comparable levels of aircraft operations.
- The difference in costs is primarily due to two reasons:
 - FAA-staffed towers are historically staffed with more controllers than contract towers, and
 - FAA-employed controllers generally have higher salaries than contract tower controllers.

The Inspector General report also contains the following facts of note:

“According to officials from the American Association of Airport Executives, most controllers at contract towers are retired military controllers or former FAA controllers.”

“One reason for the difference in staffing levels that we observed during our FY 2000 audit was that, at FAA contract towers we visited, tower managers worked some operational shifts as controllers. In contrast, at the FAA-staffed VFR towers we visited, most tower managers did not work operational shifts controlling traffic.”

Additional Information:

Opposing privatization and the language in the Conference Report: <http://www.natca.net>

Supporting privatization: <http://www.rppi.org/atc15.html>
